

**For release only by the  
House  
Committee on Appropriations**

**USDA RURAL DEVELOPMENT**

**Statement of Ben Anderson, Administrator of the Rural Business-Cooperative Service  
before the Subcommittee on Agriculture, Rural Development, Food and Drug  
Administration, and Related Agencies.**

Madam Chairwoman and members of the Subcommittee, I am pleased to present the Administration's Fiscal Year (FY) 2009 Budget for USDA Rural Development's rural business and cooperative programs.

Madam Chairwoman, the programs and services of USDA Rural Development, in partnership with other public and private sector businesses, continue to improve the economic climate of rural areas through the creation or preservation of sustainable business opportunities and jobs, and by helping to close the gap in opportunity for the under-served rural areas and populations.

The \$49 million requested in budget authority for rural business and cooperative programs will support \$738 million in direct and guaranteed loans and grants, and will assist in creating or saving 34,715 jobs by providing financial assistance to approximately 700 small businesses. The Subcommittee should review the FY 2009 Budget request in concert with the Administration's Farm Bill proposals that will ensure the continuation of a strong rural economy through USDA Rural Development programs.

## **Business and Industry Guaranteed Loan Program**

For the Business and Industry (B&I) program, the FY 2009 Budget includes \$30 million in budget authority to support \$700 million in guaranteed loans. We estimate that the funding requested for FY 2009 will create or save approximately 8,879 jobs and provide financial assistance to approximately 360 businesses. Because the B&I program provides lenders with reduced exposure on guaranteed loans, the lenders are able to meet the needs of more businesses at rates and terms the businesses can afford. Individual farmers also qualify for the program to assist in the purchasing of cooperative stock in a start-up or existing cooperative established for value-added processing.

## **Intermediary Relending Program Rural Development Loan Fund**

The FY 2009 Budget includes \$14 million in budget authority to support \$33.8 million in loans under the Rural Development Loan Fund. We estimate that the proposed level of funding will create or save approximately 25,836 jobs.

## **Rural Cooperative Development Grant and Small, Socially Disadvantaged Producers Grant Programs**

For FY 2009, the Budget requests \$4.5 million for the Rural Cooperative Development Grant (RCDG) program, of which \$1.5 million is for grants to assist small, socially disadvantaged producers. The RCDG Program provides funds to establish and operate centers for developing new cooperatives and improving the operations of existing cooperatives with the primary goal of improving the economic conditions of rural areas. This program complements

our national and State office technical assistance efforts by increasing outreach and assisting in the development of feasibility studies.

The Small, Socially Disadvantaged Producers Grant program provides funding for cooperatives or associations of cooperatives whose primary focus is to provide assistance to small, socially disadvantaged producers whose governing board and/or membership is comprised of at least 75 percent socially disadvantaged members. Grants may be used for developing business plans, conducting feasibility studies, or developing marketing plans for farmers, ranchers, loggers, agricultural harvesters, and fishermen whose gross annual sales do not exceed \$250,000.

Madam Chairwoman, and members of the Subcommittee, this concludes my testimony for the Rural Development FY 2009 Budget for Rural Business and Cooperative Programs. I look forward to working with you to administer our programs.